

## Disclaimer

The information provided is not to be considered as a recommendation to buy certain stocks and is provided solely as an information resource to help traders make their own decisions. Past performance is no guarantee of future success. It is important to note that no system or methodology has ever been developed that can guarantee profits or ensure freedom from losses. No representation or implication is being made that using The Shocking Indicator will provide information that guarantees profits or ensures freedom from losses.

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**Bullish Engulfing Pattern** is one of the strongest patterns that generates a buying signal in candlestick charting and is one of my favorites. The following figure shows how the Bullish Engulfing Pattern looks like.



**Bullish Engulfing Pattern**

The following conditions must be met for a pattern to be a bullish engulfing.

1. The stock is in a **downtrend** (short term or long term)
2. The first candle is a red candle (down day) and the second candle must be white (up day)
3. The body of the second candle must completely **engulfs** the first candle.

The following conditions strengthen the **buy signal**

1. The **trading volume** is higher than usual on the engulfing day
2. The engulfing candle engulfs multiple previous down days.
3. The **stock gap up or trading higher** the next day after the bullish engulfing pattern is formed.

### **Stochastic Crossover**

Created by George C. Lane in the late 1950s, the Stochastic Oscillator is a momentum indicator that shows the strength of a trend for a certain period of time. Stochastic is a number between 0 and 100 where the reading below 20 is considered oversold and the reading above 80 is considered overbought. To create stochastic:

**1.**  $\%K = (C_{\text{today}} - L_n) / (H_n - L_n) * 100$ , where

$C_{\text{today}}$  = today's close.

$L_n$  = the lowest price for the selected number of days.

$H_n$  = the highest price for the selected number of days.

n = the number of days for Stochastic, selected by the user.

## 2. Calculate %D.

$$\%D = (3\text{-day sum of } (C_{\text{today}} - L_n) / (3\text{-day sum of } (H_n - L_n)) * 100$$

There are two different stochastic - fast and slow. Fast Stochastic consists of two lines - %K and %D. However, fast stochastic is very sensitive to market turns and therefore many people prefer to use slow stochastic. To calculate slow stochastic, the %D of fast stochastic becomes the %K of slow stochastic and by repeating step 2 to obtain %D of Slow Stochastic.

When the stochastic crossover for a stock pattern, a bullish pattern is produced. If the indicator is crossing below the oversold area (below 20), it is an even stronger signal.

## The Shocking Indicator

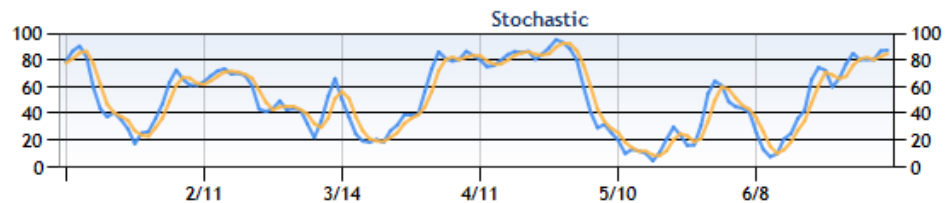
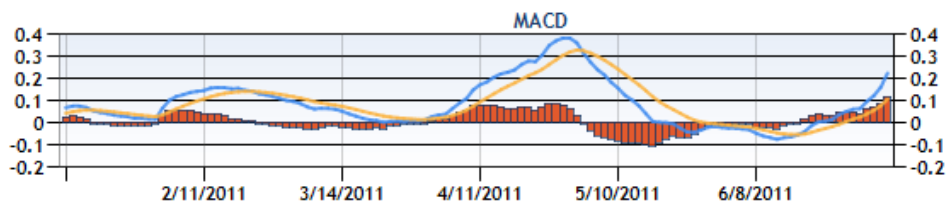
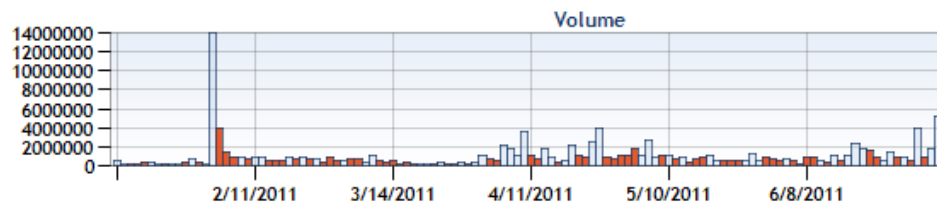
The shocking indicator is to use a combination of the Bullish Engulfing Pattern and the stochastic Crossover Pattern. Whenever a stock formed a Bullish Engulfing Pattern, we add them to our watchlist. If the stock then formed a stochastic crossover in the near future confirming the bullish trend, then it is time to buy the stock. Let's see how the Shocking Indicator performs in the following sceneries.

The stock \$HNSN ([HNSN Analysis](#)) formed a Bullish Engulfing pattern on 6/10/2011 with closing price of \$2.6. The Bullish Engulfing Pattern is best use with a combination of other indicators such as increase in volume or the Stochastic Oscillator or the Macd Oscillator. If you didn't trade the stock on the next trading day which is 6/13/2011, you can still buy it on 6/15/2011 at the price of \$2.69 when the stock gives a bullish confirmation signal with a Stochastic Crossover pattern on 6/14/2011.

## Dojisspace.com - (Free Stock Scan and Chart)

HNSN - 7/6/2011

Open: 3.66 High: 4.36 Low: 3.65 Close: 4.11 Volume: 5181137



[Click here to get the latest list of Bullish Engulfing stocks.](#)

The stock ABAT ([ABAT Analysis](#)) formed a Bullish Engulfing & Stochastic Crossover pattern on 6/30 with closing price of \$1.16. In less than 1 month, the stock is up 30%. Isn't it nice?

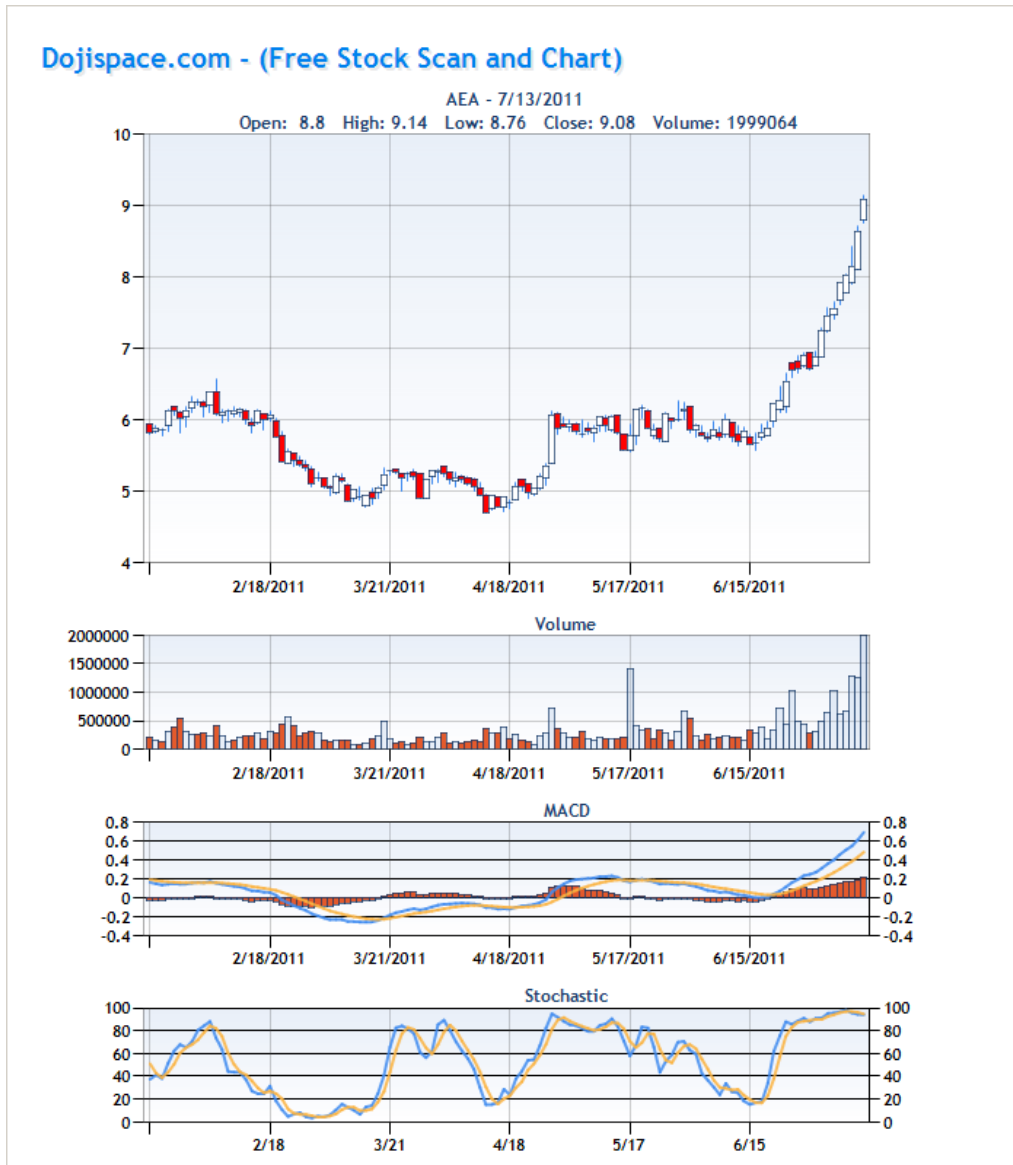


The stock MDW ([MDW Analysis](#)) formed a bullish engulfing pattern on 6/16 and then formed a stochastic crossover on 6/21 which confirms the bullish trend.

The closing price of MDW ([MDW Analysis](#)) was \$1.83 at 6/16 and \$1.87 at 6/21. The stock price is now trading at \$2.69 as of 7/15 in less than a month. If you bought the stock when it formed the bullish engulfing pattern, then you are sitting on a 47% gain. If you bought the stock when the stock formed a confirmation signal on 6/21, then you are sitting with a 44% gain.



AEA formed a stochastic crossover from the oversold area on 6/16, and the stock went up over 57.9% since then. Stochastic crossover does it again. There was a second chance to buy the stock on 6/21 where the MACD also crossover which gives a confirmation buying signal for this stock. Here's the chart.





NBIX gained close to 18% in 3 days after it formed a Bullish Engulfing Pattern and Stochastic Crossover signal on 5/25. The stock closed at \$7.05 on 5/25 and open lower at \$7 on 5/26. If you invest \$10,000 in this stock on 5/26, you would have gained \$1,800 in just 3 days as the stock closed at \$8.25 today.

### Bullish Patterns 5/25

1. Bullish Engulfing Pattern
2. Stochastic Crossover
3. Stochastic cross above 20 which is the oversold area.



The stock ZN formed a few bullish signals on 5/25 and went up over 27% in less than 2 weeks. ZN was close at \$5.12 on 5/25 and shot up to over \$7.87 yesterday which is a gain over 53%. However, the stock closed lower and then trading in the range of \$5.99 – \$7 today with the closing price at \$6.51. This is a 27% gain from the closing price of \$5.12 on 5/25.

Bullish Signals formed on 5/25

1. Bullish Engulfing Pattern
2. Stochastic Crossover



## How to find these profitable setups?

Bullish Engulfing + Stochastic crossover is a strong signal in technical analysis. If you would like to find these stocks, you can easily do it with [Dojinspace Stock Screener](#).

1. Select Bullish Engulfing under “Candlestick”
2. Select Daily Stochastic Crossover & Value Between 0 and 25 under “Technical Oscillators”.

You will get a list of stocks that match this pattern.

## Trading Success with MarketClub

### What is MarketClub?

[MarketClub](#) is a trading software that I use to trade stocks. It is one of the best trading software that I ever use and I've pick up so many profitable stocks using this system. The software comes with a bunch of features and I will focus on the ones that I use on a daily basis.

### Stock Analysis

[MarketClub](#) uses a sophisticated triangle technology to analyze a stock. Each stock is giving a score from +100 (bull) to -100 (bear) so that you know whether or not you should buy or sell a stock. Let's take a look at the stock LEN. The stock is rated with a score of +100 which is very bullish. Here is the analysis “Smart Scan Chart Analysis confirms that a strong uptrend is in place and that the market remains positive longer term. Strong Uptrend with money management stops. A triangle indicates the presence of a very strong trend that is being driven by strong forces and insiders. Based on a pre-defined weighted trend formula for chart analysis, LEN scored +100 on a scale from -100 (strong downtrend) to +100 (strong uptrend).”

## LENNAR (NYSE:LEN)

Quote/Fundamental

▲	+10	Last Hour Close Above 5 Hour Moving Average
▲	+15	New 3 Day High on Thursday
▲	+20	Last Price Above 20 Day Moving Average
▲	+25	New 3 Week High, Week Ending January 21st
▲	+30	New 3 Month High in January
<hr/>		
<b>+100</b>	<b>Total Score</b>	

Every time I buy a stock, I always like to use their stock analysis service and check what's the score for the stock that I'm buying or selling.

## Trade Triangle

[MarketClub](#) scans the whole stock market and get a list of stocks with a score of +100. These are the stocks that are very bullish and usually are trending stocks. You can use the list for short term trading as well as long term investing. The stock list is updated simultaneously during intraday, so I can get the updated list and day or swing trade these stocks if I like to. You can also find stocks to short with this list as the -100 stocks are also listed. The search functionality allows you to search for bullish or bearish stocks in the past 3 days, past week, and past month so if you don't have time to monitor it during intraday, you can also look at it up at a later time. I usually get the list during intraday for day trading and end of day list for swing trading.

MarketClub > Welcome Tim Huang

Tim Huang is logged in. Log out Edit portfolio Help

Portfolio Smart Scan Alerts Trade School Blog Data Central Market Headlines Trade Triangles

### Recent Trade Triangles

Equity Daily Trade Triangles Search Today Scan

The following symbols are Trade Triangles scanned in the past hour, based on our entire database filtered by MarketClub Chart Analysis technology.

Symbol	Description	Open	High	Low	Last	Change	%	Vol	Time	Score
LEN	LENAS	22.010	22.520	21.780	22.275	+0.140	+0.65%	6,387,524	15:59	+100
MAS	MASCO	12.17	12.38	12.13	12.33	+0.08	+0.65%	4,758,628	15:59	+100
UPS	UNITED PARCEL SERVICE	79.89	79.81	79.82	79.06	-0.24	-0.32%	3,924,919	15:59	+100
TOL	TOLL BROS	22.070	22.040	21.840	22.495	+0.425	+1.89%	3,544,743	15:59	+100
JZZ	JAZZ PHARMACEUTICALS	48.12	48.79	48.81	47.96	-0.44	-0.90%	1,778,128	15:59	+100
SCS	SELECT COMFORT	25.8000	26.1400	24.7501	26.1300	+1.3300	+5.14%	1,439,578	15:59	+100
USG	USG	13.31	13.75	13.14	13.72	+0.43	+3.12%	1,380,088	15:59	+100
B	BARNES GROUP	25.06	26.02	24.82	25.82	+0.66	+2.62%	812,254	15:59	+100
BBG	BINGHAM BROADCAST GROUP	12.77	13.02	12.77	12.94	+0.18	+1.24%	172,980	15:59	+100
PRX	PAR PHARMACEUTICALS	38.9100	38.3200	38.8704	38.2200	-0.2200	-0.57%	107,813	15:59	+100
NSR	NSI BUILDING SYSTEMS	11.34	11.73	11.28	11.73	+0.29	+2.47%	33,413	15:59	+100
NOV	NOVEN NY SELECT QUALITY MEN	15.91	16.88	16.88	16.94	+0.08	+0.50%	24,078	15:40	+100
WVA	WAVELL TECH	15.27	16.29	15.23	15.78	+0.02	+0.12%	22,788,805	15:59	+80
STL	SEAGATE TECH	20.350	21.000	20.320	20.775	-0.975	-4.79%	18,161,028	15:59	+80
AMSC	AMSC	5.15	5.49	5.14	5.37	+0.22	+4.28%	780,344	15:59	+80
DAB	DARLING INTL	14.890	15.140	14.820	15.025	+0.085	+0.57%	742,138	15:59	+80
GOLD	GOLD RESOURCES	113.08	115.00	113.00	114.20	+2.28	+2.01%	484,258	15:59	+80

## Stock Charting Platform

If you are looking for a premier stock charting platform, then you should definitely check out [MarketClub](http://www.marketclub.com). Here are some of the features that the platform offers.

1. Full size windows screen so that you can view the chart clearly.
2. You can easily draw Trend Lines & Fibonacci Retracement on the chart.
3. You can draw quarterly, monthly, weekly and intraday chart with this platform. You can also select custom dates to draw the chart

4. Comprehensive build in technical indicators and oscillators that you can use.

5. Trade Triangles on the chart – each triangle indicates selling and buying signals generated by the [MarketClub](http://www.marketclub.com) software. You can draw daily, weekly or monthly trade triangles on the chart base on what type of traders you are.

6. Bar Chart / Candlestick Chart / Graph Chart – You can draw different types of chart for your preferences, bar chart, candlestick and graph chart are available.

7. Zoom In / Zoom Out – You can zoom in or zoom out on the chart so that you can view the chart as big as you like or as small as you like.



## Learn from world class Experts

There are a bunch of workshops that [MarketClub](http://MarketClub.com) offers from world class traders and investors. The topics include Day Trading, Money Management, Stocks, Psychology, General, Indexes, Options, Forex and Futures. They are available in audios and pdf format that you can download. Here are some of the topics that you can learn.

A Little Keltner, a Little Wyckoff, and a Lot of Street Smarts

Avoiding Trading Mistakes

Back to the Future: Taking Schabacker's Principles of Trading into the 21st Century

Building High-Performance Trading Systems: What Works and What Doesn't

Building a Mechanical Trading System from the Ground Up

Controlled Trading

Cycles and Oscillators

Developing the Psychological Trader's Edge

[Free Stock Screener www.dojispacer.com](http://www.dojispacer.com)

Does a “Holy Grail” Really Exist ... and Should You Look for it?  
Elliott Wave Theory for Short Term and Intraday Trading  
Five Basic Trading Patterns and their Application to the Markets  
Following the Trend in Any Market or Time Frame  
Futures Strategies for Stock Traders  
How to Lose Money Profitably  
Intraday Timing for Low Risk Swing Trading  
Mechanical Timing Systems: The Key to Consistent Profits and Sharper Trading  
Momentum  
Offensive and Defensive Strengths of Stocks, Groups and Sectors  
Precise Planetary Timing for Stock Trading  
Proven Swing Trading Strategies and Multiple Time Frame Analysis  
Reducing Risk Using Cycles and Oscillators in the Futures and Stock Markets  
Researching Your Trade  
Rocket Science for Traders  
S&P 500, The Ultimate Day Trading Vehicle  
Sabotage Traps  
Self-Managed Trading with Stochastics  
Seven Techniques to Improve Performance  
Short Skirt Trading, the Most Bang for the Buck in the Least Amount of Time  
Slump Busting Techniques  
Staying Out of Trouble Trading Currencies with Channels  
Strategic Analysis and Trading Tactics  
Sun Tzu and the Art of War for Traders  
Swing Trading and Short Term Price Patterns  
TechnoFundamental Trading  
The 200% Model: Investing for Inner and Outer Prosperity  
The Decision-Making Process and Forward Testing with Price, Volume, and  
Direction  
The Janus Factor

The McClellan Oscillator and Other Tools for Predicting Market Directions  
Time, Price and Pattern  
Trading Techniques to Buy Bottoms and Sell Tops  
Trading the Pankin Strategy for 30% Annual Gains and Low Risk  
Using Fundamental Data in Technical Analysis  
Using Money Management to Improve Your Trading Performance  
Value Investing: King of Trading Methods in the Commodity Markets  
Weekly/Daily, Daily/Intra-Day – Energy Patterns

## Trade Alerts

You can setup trade alerts that you can receive in your inbox. Here are some of the options you have.

1. Price Break Out/Price Break Below
2. New Daily/weekly/Month Trade Triangles
3. Charts that show positive scores
4. Stocks making weekly, 3 week 4 week or 52 week highs and lows
5. Stocks that are showing strong trending patterns when 10 day moving average is above 20 day moving average and 20 day moving average above the 50 day moving average. ( $10dma > 20dma > 50dma$ ). You can pick up profitable trending stocks with this alert.
6. Stocks that are showing very weak trend patterns.  $10dma < 20dma < 50dma$ . If you are shorting stocks, you can pick up profitable stocks to short with this alert.

## MarketClub Review

I have been using MarketClub for over 4 years and it is the best software that I've ever use. I've pick up many profitable stocks through the use of their trade



triangle technology and some of the stocks went up as much as 100% . The only drawback is the system sometimes give a delay signal on stocks so that I can't get in at the best price. However, this is actually not a bad thing as it is always safer to wait for confirmations and it is impossible to get in at the lowest price on every trade for any trader.

For a trading software as powerful as MarketClub, you may thought the price must be really expensive. It isn't, you can now get a FREE 2 week Trial from MarketClub. Test out the trading tools and charting platform and see for yourself.

[Click here to check out MarketClub](#)